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NOTES AND COMMENTS.

SUGGESTION FOR A STABLE CURRENCY.

SHOULD the greenback system be continued, or should the greenbacks be retired? If retired, how, and what kind of currency should take their place? In other words, should the government of the United States continue in a kind of banking business, issuing money in the form of legal tender notes and being immediately responsible for their redemption in gold?

That the government of the United States should in some way provide for a safe, uniform, and permanent currency or medium of exchange for the transaction of business in this country, and one, also, that would be recognized in our dealings with other countries, I think no one will deny. The question now is, how this can best be done in the interest of business and the whole people. At present our currency is mixed—part being greenbacks or United States notes, part national bank notes, then treasury notes, silver certificates and gold certificates. The difference between these and the responsibility behind each class, the average citizen does not understand. That there should be a change made in our financial system, making a uniform currency of uniform value and uniform security, I think is evident to every business man. This cannot be done so long as the responsibility of the currency is divided up as at present. The United States should take the entire charge and management of the matter or let some one else do so. To my mind the government should not engage in the banking business, but turn that matter entirely over to the national banks under such rules and regulations and laws as would fully protect the interests of the whole people. To suggest a plan whereby that can, in my opinion, best be done is the principal object of this article.

The government has at this time outstanding greenbacks to the amount of \$340,000,000 (in these calculations I omit fractions for convenience' sake), of treasury notes \$152,600,000, of gold certificates \$66,400,000. The aggregate of these is \$565,600,000 of currency of the three different kinds issued by the government, all of which are liable to be presented for redemption in gold at any time. I do not speak of the silver certificates, as the silver to redeem them is now on deposit with the government. In order to get out of the banking business, the government must find some way to retire this \$565,600,000 of its different kinds of currency, and at the same time provide a substitute for that amount of currency. Can this be done? I think it can in the following way.

The capital stock of the present existing national banks is \$650,000,000, on which, under the existing laws, they have the right to issue \$584,000,000 of their own national bank notes. By reason, however, of the present laws taxing their issue, the high price of government bonds which they are

obliged, under the law, to deposit with the government in order to issue their national bank notes, it is considered a loss to do so, and consequently at the present time there is in circulation but \$206,800,000 of national bank notes, or \$377,000,000 less than they are allowed to issue by law. National banks cannot afford to issue their own bills under the present law; therefore the law should be changed so that they could afford to do so. The tax on national bank notes issued should be repealed, and at the same time the government should provide a low rate of interest bond that national banks should deposit with the government as security for their outstanding circulation, and also require them to issue their own notes to the full extent of the capital stock of their bank, all of which should by law be made legal tender and redeemable in gold at the Treasury of the United States in the manner I will hereafter explain.

As I have before stated, the capital stock of the national banks now existing is \$650,000,000. The present capital stock of the existing state and private banks is \$260,000,000. I am assuming that if the suggestions made herein should be adopted by the government, then one-half at least of these private and state banks would convert themselves into national banks. This would increase to \$780,000,000 the capital of the national banks which, under this plan, would issue \$780,000,000 of their own currency to take the place of the present outstanding national bank notes, amounting to \$206,800,000 and the \$565,600,000 which the government should retire, or \$772,400,000 in all. Thus practically no change would be made in the amount of the currency as a whole, which would all be legal tender and of gold value. Furthermore, it could and would be increased by the establishment of more national banks as the commercial demands of the country required it.

Now, the plan proposed to put this in force is as follows.

Let the government issue a long-term gold bond, bearing $2\frac{1}{2}$ per cent. interest, with which to retire their gold certificates, treasury notes and greenbacks, and which national banks must deposit with the Treasurer of the United States as security for their bank note issue, to the extent of 80 per cent. of their capital stock. In addition to this, the banks should be required to deposit with the Treasurer of the United States gold to the amount of 20 per cent. of their capital, all of which is for the purpose of securing the note holder against loss and to redeem the notes in gold if any note holders desire it. Therefore, for this \$780,000,000 of national bank notes outstanding there would be deposited with the Treasurer of the United States \$624,000,000 of government bonds and also be \$156,000,000 of gold, with which to redeem any of these notes upon their being presented for that purpose. These national bank notes would all be upon exactly the same basis, with exactly the same kind of security behind each, to be treated by the government as a common whole, regardless of the bank issuing them. Whenever this gold deposit should be reduced to one-half of the original deposit, then the Treasurer of the United States should have the right to call for 5 per cent. or 10 per cent. more gold as he might think best, to be by the banks deposited with him in exchange for that much national bank money, which had been redeemed; this call to be made upon every national bank in proportion to its capital stock.

Were this plan adopted by the United States government, our national currency all over the business world would be the same as gold and be received at its exchange value, like a Bank of England note.

It may be asked by some, why should the government retire \$565,000,000 of non-interest bearing currency indebtedness and issue instead thereof interest-bearing bonds? My answer is that the interest on these bonds being but the small sum of less than \$15,000,000 per annum, the United States could well afford to pay this, rather than keep the business interests of the country stirred up by the issue of more bonds and the uncertainty of financial affairs, as has been done during the last few years. Besides, with this plan established, there would be a perpetual basis for the entire banking and currency interests of the country, and the government could well afford for that sum to let that much of its indebtedness remain unpaid for all time, no matter what its ability to pay might be, in order to keep the currency of the country on a safe and permanent basis.

While this article has not attempted to solve the silver feature of the question in detail, yet, if the government would pass a law making silver or silver certificates legal tender for a limited amount, say \$25, and providing that no national bank notes should be of a smaller denomination than \$10, but that silver and silver certificates should occupy the field below \$25, it would give a position to silver that should, I think, satisfy its friends, without being a threat to lower the value of our currency.

E. J. SANFORD.

BEAUTIFUL EVIL.

DOX QUIXOTE was led to his career of burlesque knight-errantry by reading the extravagant romances of his time. Nowadays we often hear of youthful Quixotes who are led into no less absurd, but far less innocent, careers of adventure by a similar cause. The hero of *La Mancha* was turned into a ridiculous but harmless crank; his modern ectypes, unless they are sickened at the outset by some lucky disaster, for which their fiction rubbish has prescribed no remedy, become more or less desperate criminals. But, as is always true of fiction rubbish, they find no realization of its charm in actual experience. Instead of the picturesque perpetration of crime in heroic defiance of the law and its officers, which they fondly anticipated, they find themselves engaged in sneaking villany, and then in sneaking attempts to escape its penalties. Instead of the luxurious ease varied with romantic adventure so thrillingly described in the stories, they find themselves leading lives of ceaseless terror and self-contempt, hunted from hole to hole like the human vermin they have become.

If the revulsion from romanticism to realism which has taken place in the higher class of fiction could descend also to the lower, it would go far toward the correction of an influence baleful in the extreme to thousands of young lives. But, unhappily, such a reform is impossible in the very nature of things, for in proportion as fiction becomes true to life it takes rank with the higher order, and thus passes beyond the class of readers by whom it is most needed.

For this evil influence of low sensational literature the newspaper must share the responsibility with the cheap novel. A splendid villain is always a more interesting character than a disgusting brute, so whatever nature or fortune may have done to favor a criminal is usually grossly exaggerated. If he happens to possess comeliness of person, grace of manner, or intelligence above the common in his class, the public is usually regaled with rhapsodical descriptions of his beauty, refinement, and intellect, and even